

This letter describes the general types of machines that may qualify for the "automatic vending machine" exemption. See Public Act 91-644. (This is a GIL).

March 9, 2000

Dear Xxxxx:

This letter is in response to your letter dated January 24, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

My question has to deal with the new law enacted as of January 1, 2000 relating to the sales tax exemption for new or used automatic vending machines that prepare and serve hot food including coffee and the replacement parts.

My question is related to the definition of 'automatic vending machines'. I have a client that is a coffee service. The machines that are placed with customers are **not** coined operated. The customers are not charged by the cup, they are charged by the bulk quantity purchased. The machines are single cup and serve more than one blend of coffee; they also serve hot chocolate, and cappuccino. Should my client pay sales tax on the purchase of these machines and their parts? Do these machines fall within the definition of vending machines or was it directed towards 'coin' operated machines only?

Your prompt attention to this matter would be appreciated.

We are responding to your letter under the assumption that the legislation you referred to is Public Act 91-644. This Act provides an exemption under the Use Tax Act, Service Use Tax Act, Service Occupation Tax Act, and Retailers' Occupation Tax Act beginning January 1, 2000 for "new or used automatic vending machines that prepare and serve hot food and beverages, including coffee, soup, and other items, and replacement parts for these machines."

We cannot provide you with a definite answer without more information about how the coffee service operates. Generally, "vending machines" are machines that make sales and dispense merchandise. Coins were traditionally deposited into the machines as payment for the merchandise. However, other types of payment have also been introduced such as tokens, dollar bills, and credit card payments. What all these have in common is that the payment is accepted by the machine at the time the merchandise is dispensed from the machine. Based upon the limited information

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contained in your letter, we believe that the type of machines described in your letter do not qualify for the exemption.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Terry D. Charlton  
Associate Counsel

TDC:msk  
Enc.